

Delaware Compensation Rating Bureau, Inc.



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March 19, 1999

BUREAU CIRCULAR NO. 718

To All Members of the Bureau:

Re: **MANUAL REVISIONS**
CODE 924, WHOLESALE STORE, N.O.C., AND CODE 927, DRUGSTORE, RETAIL
EFFECTIVE JULY 1, 1999

The Bureau has filed and the Insurance Commissioner has approved Manual revisions to Sections 2 and 5 to become effective as of 12:01 a.m., July 1, 1999 with respect to new and renewal business only. These revisions result from a Bureau study undertaken to review parameters for assignment to Code 927 and establish a definitive classification assignment procedure for employers operating as mail order pharmacies.

The enabling Manual revisions to Sections 2 and 5 are shown below with deleted wording bracketed and new wording underlined:

SECTION 2

927 [~~DRUGSTORE~~]PHARMACY, Retail - all employees, including office.

SECTION 5

Rulings and Interpretations

WHOLESALE/RETAIL MAIL ORDER HOUSE - DEFINITIONS

Wholesale

For the purposes previously listed.

Wholesale store operations generally include the maintenance of warehouse inventories; delivery and the promoting of sales through utilization of an outside sales force and/or by telephone or fax. Many but not all wholesalers may also perform the physical assembling, sorting and grading of their goods; the breaking of bulk quantities and repackaging into smaller lots. A wholesaler may also have a sales counter where a walk-in customer's order may be written up and payment for merchandise made. The counter clerk may transmit the order to the warehouse or the customer may take the order to the warehouse for fulfillment.

Mail Order House

[Risks]An enterprise principally (more than 50 percent of the gross receipts) engaged in selling by mail order shall be assigned to the appropriate wholesale store classification [that would be used for a wholesale store dealing in]for the commodities handled except for mail order pharmacies filling individual patient drug prescriptions which shall be assigned to Code 927. Mail order sales by a [risk engaged in] manufactur[ing]er or incidental to a retail store business shall be classified in accordance with the class or classes appropriate to the business [at the location]of the employer.

Retail

For purposes of classifying stores[,] the term "Retail" shall be construed to mean the selling of displayed merchandise in store type premises where [clerks]floor and/or counter salespersons assist customers or on a self-service basis to the general public for personal or household consumption or use. Warehouse operations incident[al] to the retail [operations of the employer]store enterprise shall be assigned to the enterprise's appropriate retail store classification.

The appropriate retail store class shall also be [used]assigned when the insured, while technically a wholesaler, operates primarily in a retail manner. The customers will [tend to] generally be commercial or professional users. "Retail manner" means such insured will have a large merchandise display area, customers may [browse and select desired items from the displays and]walk up and down the display aisles, inspect the merchandise being offered for sale, place their selections into either a shopping basket or shopping cart and will make payment for their selections at a customer checkout lane. [t]The [risk's]employer's single largest group(s) of employees [shall be]are floor or counter salespersons [waiting on walk-in]assisting customers or performing customer checkout.

(There is no sales tax on merchandise sold in Delaware, but in the event such is enacted the act of collecting a sales tax on merchandise sold will not be [considered] a [controlling] factor in defining a retail store and will have no bearing upon determining the business' classification assignment.)

Underwriting Guide

Mail Order Pharmacy.....	927
[Drugstore]Pharmacy, Retail.....	927

Manual reprints will be distributed at a later date in the usual manner.

Timothy L. Wisecarver
President

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